

MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

M P E R A

**100 North Park Avenue
PO Box 200131
Helena, Montana 59620-0131
Phone: 406-444-3154**

REPORTING HANDBOOK FOR EMPLOYERS

Chapter 11

Information Pertaining to the Following System:

FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM (FURS)

For Use by All Payroll Clerks of Reporting Agencies

Chapter 11 - FURS

Section 1 Membership

Section 2 Membership Cards

Section 3 Contributions Rates

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Membership - FURS

Introduction

The Firefighters' Unified Retirement System (FURS) is a public pension system that provides retirement, disability, and death benefits for Montana firefighters employed by first- and second-class cities and other cities that wish to adopt the plan. Cities may contract with the Board to cover their firefighters under the FURS.

Besides general information, this chapter provides a summary of the law contained in Title 19, Chapters 2 and 13, MCA. Our staff conducted careful research to ensure this chapter accurately reflects the law that governs the FURS. If this handbook differs from the law or rules as interpreted by staff, the law or rules will apply.

Mandatory Membership

Membership is required for firefighters employed by first- and second-class cities, and those other cities which choose to provide coverage under the FURS. Membership will begin for an individual firefighter on the first day of employment or the effective date of the city's election of the FURS coverage, whichever is later. Membership will be required by eligible firefighters hired by the Montana air national guard pursuant to an agreement between the Department of Military Affairs and the PERB.

Membership is required for all firefighters employed by first- and second-class cities, and those other cities which choose to provide coverage under FURS.

Each firefighter in a covered position must complete a membership card upon initial employment. A member **may not stop membership without ending employment**. The employer must send the card to the MPERA with the payroll report that lists the person as a new member. **All newly hired firefighters must submit a new membership card even if they are already FURS members.**

The MPERA will **not pay a benefit or refund** to a member unless the MPERA has a membership card on file. Members are responsible for keeping the information current. Members may update information by completing a new card and sending it to the MPERA. Marriage, birth of a child, divorce, and death of a beneficiary are some reasons for submitting an updated membership card.

System Requirements

Optional Membership

A Public Employees' Retirement System (PERS) member who is first employed in a FURS-covered position after the age of 45 years, may elect to remain in the PERS. A firefighter who wishes to remain in the PERS must make this election within one month of being hired in the FURS-covered position.

A part-paid firefighter may elect to become a member of the FURS. They must complete a membership card within six months of becoming a part-paid firefighter. A "part-paid firefighter" is one who receives compensation in excess of \$300 a year in a FURS-covered position. **Once a part-paid firefighter becomes an active FURS member, they must remain an active member until service as a firefighter is terminated.**

An active member can not be covered under any other mandatory retirement plan for firefighter service.

Membership Cards - FURS

New Employees

Each employee must complete a membership card on the first day of employment. The employee must complete both sides of the card. The employee must sign the card and a disinterested third-party must witness the signature. The employer must send the card to the MPERA with the first payroll report which lists the employee as a new member. Please do not send a membership card prior to the first payroll report which lists the member. Instructions for completing the membership card are at the end of this section.

When to Update The Information

Members should update the information on their membership card every few years or when any of the information changes. Each year the MPERA sends a statement of account to all members, which also includes the beneficiary information on file with the MPERA. If the beneficiary information is out of date or wrong, the member should submit a new card. Members should complete a new card for any of the following reasons:

- Marriage
- Birth of children
- Divorce
- Death of a beneficiary
- Name changes for any other reason

The MPERA will contact the current beneficiary on file upon the death of a member. This information is extremely important and each member must keep it current and correct.

Refunds and other benefits cannot be processed unless a membership card is on file with the MPERA.

Statutory Beneficiaries

The member's present spouse and dependent children must be named on the back of the membership card. In accordance with statute, they are the member's survivors. They will receive a survivorship benefit. In the absence of a surviving spouse, the benefit will continue collectively to dependent children, until there are no dependent children.

Other Beneficiaries

A FURS member may designate one or more other beneficiaries when filling out the membership card. If the member leaves no surviving spouse or dependent child at the time of death, the designated beneficiary would be eligible to receive any balance in the member's FURS account. The member may change beneficiaries any time by completing a new card and sending the card to the MPERA.

Death Benefits

The member's present spouse or dependent children, if there is no surviving spouse, are the beneficiaries by statute.

If there is no surviving spouse or dependent child at the time of death, the designated beneficiary would be eligible to receive any balance in the member's FURS account.

When a member dies before retirement, the member's surviving spouse, or dependent children, if there is no surviving spouse, must receive a survivorship benefit as stated below:

- If the member is an active member and has not completed 20 years of membership service, the benefit will be equal to one-half the member's final average compensation.
- If the member is an active member and has completed over 20 years of membership service, the survivorship benefit must equal the benefit amount to which the member was entitled on the date of death.

Terms such as beneficiaries, dependent child, surviving spouse, and survivor mean very specific things within the FURS and are defined below.

Beneficiaries may be natural persons, trusts for the benefit of natural living persons and charitable organizations. A member may designate any of these beneficiaries on the membership card.

Dependent child means a child of a deceased member who is unmarried and under 18 years of age, or who is unmarried, under 24 years of age, and attending an accredited postsecondary educational institution as a full-time student.

Surviving spouse means the spouse married to a member at the time of the member's death.

Survivor means a surviving spouse or dependent child of the member.

Completing the Membership Card

The member must provide the name, address, the complete date of birth, sex, and relationship for each beneficiary listed.

All newly hired firefighters should fill out a membership card even if they are already members of the FURS. The employee should print or type all entries. See Figure 7 for a sample membership card.

1. **Check One.** Place a check beside Firefighters' Unified Retirement System (FURS)).
2. **Name.** The employee's last name, first name, initial, and other former names (a family name or previous married name). The employee should include any other last name that may be on file with the MPERA.
3. **Current personal mailing address.**
4. **Social Security Number.**
5. **Agency.** Agency that is presently hiring the employee or currently employs the member.
6. **Date of Birth.**
7. **Sex.** F for female, M for male.
8. **Check the appropriate reason** for submitting the card.
9. **Name, Social Security Number, Date of Birth, and Sex of spouse and dependent children,** if applicable.
10. **Beneficiaries.** One or more beneficiaries may be named to receive a lump sum payment of the member's accumulated contributions if there is no surviving spouse or dependent child. The member must provide the name and the complete date of birth, sex, and relationship for each beneficiary listed. If a member lists more than one beneficiary, they will be on a **share and share alike** basis. The member may specify a different distribution under "Other."
11. **Third Party Witness.** A person who witnesses the member's signature and must be someone other than the spouse, dependent child, or beneficiary.
12. **Signature.** The member's signature and the date the card is signed are required.

When submitting membership cards with your payroll report, please verify the above items on each card. The MPERA must return all incomplete and incorrect membership cards. If you have any questions about completion of the membership card, please contact the MPERA **before** submitting the card.

System Requirements

Revised 9/01 (DO NOT USE EARLIER EDITIONS)				
State of Montana Montana Public Employee Retirement Administration P.O. Box 200131 Helena, Montana 59620-0131 Telephone: 1-877-275-7372 outside the Helena area, or 444-3154 in the Helena area				
MEMBERSHIP CARD				
Check One ? HIGHWAY PATROL OFFICERS' RETIREMENT SYSTEM (HPORS) ? MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM (MPORS) ? FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM (FURS) Includes part-paid firefighters <u>voluntarily</u> electing membership in FURS. Once chosen, membership for part-paid firefighters continues until they terminate service and withdraw their contributions.				
PLEASE USE INK AND PRINT OR TYPE				
Name: (Last)	(First & MI)	(Previous Last Name)	Social Security Number	
Home Address: (Street /P.O. Box/Rural Route/etc.)		(City)	(State) (Zip)	
Agency by which presently employed		City	Mo Day Yr Sex Date of Birth	
CHECK APPROPRIATE BOX: ? NEW MEMBER/HIRE ? NAME CHANGE ? CHANGE SPOUSE, DEPENDENT CHILD OR BENEFICIARY/OTHER				
YOU <u>MUST</u> COMPLETE THE REVERSE SIDE **DO NOT FOLD**				
**PLEASE PRINT OR TYPE **				
<u>SPOUSE/DEPENDENT CHILDREN</u>				
<u>SPOUSE:</u>	NAME (Last, First and MI)	DATE OF BIRTH	SEX	
<u>DEPENDENT CHILDREN:</u>				
I nominate the following beneficiaries to receive payment in the absence of any surviving spouse or dependent child. NOTE: If you list more than one beneficiary, they will be on a share and share alike basis; if you wish a different allocation , please specify under Other.				
<u>BENEFICIARIES:</u>	NAME (Last, First and MI)	DATE OF BIRTH	SEX	RELATIONSHIP TO MEMBER
Other				
THIRD PARTY WITNESS - REQUIRED		DATE	MEMBER SIGNATURE - REQUIRED	

Figure 7
Membership Card (Front and Back)

Contribution Rates - FURS

Member Contributions

The retirement statutes set the member's contribution rate and only the legislature may change the rate. Since July of 1987, the taxes are deferred on member contributions and the interest these contributions earn. Tax deferred means the member does not pay taxes until receiving the contributions as a refund or a benefit. The employer must compute and deduct the contributions from the employee's pay before deducting federal and state taxes. The current contribution rate of the employee's total compensation is as follows:

- Members covered under the Guaranteed Annual Benefit Adjustment (GABA) pay 10.7%.
- Members not covered under the GABA pay 9.5%.

Firefighters who were active members of the FURS before December 1, 2001, could choose to be covered under the GABA. Members who chose to be covered under the GABA and those who became active members on or after July 1, 1997, will receive retirement benefit increases under the GABA.

Employer Contributions

Current law also requires all employers to contribute 14.36% of their total FURS-covered payroll to the retirement system. Each payroll reporting period, the employer must send the total employee and employer contributions to the MPERA. The MPERA will put the contributions in the trust fund. The state of Montana annually contributes an amount equal to 32.61% of the total compensation paid to firefighters each year. These contributions are made to the retirement trust fund by the State Auditor .

Additional Service Purchase Contributions

Any member may contribute beyond regular contributions, but **only to purchase service**. The next section explains service purchases. The member must select a payment schedule provided by the MPERA. An active member can make monthly payments by tax-deferred payroll deduction. These contributions **are** tax deferred and should be deducted **before** computing federal and state taxes.

Service Purchases - FURS

General

FURS members may purchase certain types of service for retirement credit. Some service will count as both service credit and membership service, and some will only count as service credit. The following table lists the type of service and the computer code which identifies the service.

SERVICE	CODE
Refund	025
Military	026
1-for-5	040
Other Public	042
Retro Coordination	046
Refund Coordination	047
Active Account Coordination	048

Members who want to purchase service must send a **written request** to the MPERA to receive a cost statement. The member may pay the cost in one lump-sum or active members may make monthly payments by tax-deferred payroll deduction. Inactive vested members, members not paid monthly, or members who wish to self-pay, may send payments directly to the MPERA. (These payments are not tax-deferred.)

The MPERA will account for monthly contributions to purchase service in a separate account. When payment for the service is complete, the contribution for the service purchase will become part of the member's accumulated contributions. These contributions accumulate interest which is tax-deferred.

The member must sign and file a *Payroll Deduction Authorization* form to take advantage of the tax-deferred payroll deduction. Instructions and a sample form are at the end of this section. This irrevocable agreement may not be terminated except by death or termination of employment. The payment schedule cannot be less than three months or more than 60 months (five years).

The member may pay the cost in one lump-sum or active members may make monthly payments by tax-deferred payroll deduction.

System Requirements

Members may not receive credit for the same service in more than one retirement system.

If the service purchase is not completed before the member retires, the service credit will be pro-rated; or, the member can make a lump sum payment to complete the service purchase. Members may not receive credit for the same service **in more than one retirement system**.

The following paragraphs briefly describe some types of service a member may buy. This section does not discuss service purchases in detail and is only a summary of the procedures. Members may purchase service and may also transfer service from other Montana public retirement systems.

Postponing a purchase may increase the cost, since the calculation may use a higher salary or include more interest. Any member interested in buying service should write or call the MPERA for details.

Military Service

A member may buy up to five years of active military service when they have at least 15 years of membership service. A member may purchase one year of military service for each year of FURS service credit in excess of 15 years. (e.g., a member with 16 years and seven months of service credit may purchase up to one year and seven months of military service).

Refunded Service

Members who received a refund of their FURS account from previous employment may purchase this service as membership and service credit. The member must repay the contributions plus interest that would have accrued had the member not taken a refund. Requests to purchase refunded service must include the following: the approximate dates of service, the employer's name, the member's social security number, and the member's last name during the service. All previous names are needed because the MPERA may have data filed under those names. For example, a member may have changed names due to marriage or divorce. The MPERA will research the previous service and provide the member with a cost statement.

Other Montana Public Service

A FURS member may at any time before retirement, qualify public service from other statewide retirement systems. The member must have received a refund, or be eligible to receive a refund, of the member's accumulated contributions in the other system. To qualify the service, the member must send the MPERA as much information as possible about the other retirement system and employment. The information must include proof the member terminated employment covered by the other system.

1-for-5 Service

The MPERA will include the additional 1-for-5 service when calculating benefits, but not for retirement eligibility.

Previous employment with the state or other political subdivisions of the state may also be qualified for service credit. The member must provide salary and employment documentation certified by the member's former employer.

At any time before retirement, a member may buy one additional year of service credit for every five-year period of membership service. A member must meet certain eligibility requirements to purchase the additional service. The MPERA will include the additional service when calculating benefits, but not for retirement eligibility.

Note: The total purchase of military and 1-for-5 may not exceed five years.

**Payroll Deduction
Authorization**

FURS members who choose to purchase service by payroll deduction must complete the *Payroll Deduction Authorization* form. Refer to the sample form on the next page. Employers must sign this form and immediately send it to the MPERA when it is completed by the member. The member and employer each keep a copy and the MPERA receives the original. This form must be received by the MPERA before the first payment is made.

Section I.

This section provides information regarding this irrevocable contract. The contract may not be revoked, except if the member dies or terminates service.

Section II.

The MPERA will complete the first part of this section as follows:

1. **Number of months** of service the member has contracted to purchase.
2. **Type of service** the member is purchasing.
3. **Number of the Section of the Montana Code Annotated** (MCA) which provides for this service purchase.

The employee must complete the following:

1. **Amount per month** to be withheld from the employee's salary
2. **Number of months** this amount is to be withheld.
3. **Date** the payroll deduction will begin.
4. **Signature of Member and Date.**
5. **Name of Member** (printed).
6. **Social Security Number** of member.

The employer must complete the bottom of the form:

1. **Signature of Employer Representative.**
2. **Title and Telephone Number** of Employer Representative.
3. **Date** of Signature.

MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION
PO BOX 200131
HELENA, MONTANA 59620-0131
(406) 444-3154 or (877) 275-7372

PAYROLL DEDUCTION AUTHORIZATION

Members of retirement systems administered by the Public Employees' Retirement Board may purchase refunded service and other types of optional service by the terms in Title 19 of the Montana Code Annotated. If you choose to pay by tax deferred payroll deductions, you must complete this irrevocable contract.

- I. By signing this contract you agree to the terms of Title 19, Montana Code Annotated (MCA), including the following:
1. This contract and specifically the payroll deduction may not be revoked, except if you die or terminate service. (Termination of service is defined in Section 19-2-303, MCA).
 - A. Upon termination, you may pay the balance due for the service being purchased under this contract. The balance due must be paid directly to the Board in a lump sum.
 - B. Upon death, your estate may pay the balance due for the service being purchased under this contract. The balance due must be paid directly to the Board in a lump sum.
 2. The minimum length of time for this contract is 3 months and maximum is 60 months.
 3. Your employer must pick up the payments (additional contributions) for purchasing this service, and you will not have the option to directly receive the amount deducted for the payment. Although designated as employee contributions, your employer must send the payments (additional contributions) directly to the Board.
 4. While this contract is in effect, the Board will accept payment only from your employer. The Board will not accept payment from you for the type of service being purchased by this contract.
 5. This contract will only apply to compensation earned for services after the effective date and will not be effective until you and your employer's authorized representative sign it.
 6. You may enter into more than one contract to purchase service by payroll deduction. However, a subsequent contract may not amend this authorization.
- II. I agree to the above terms and direct my employer to make the following deductions from my salary to purchase ____ months of _____ service under Section 19 - ____ - _____, MCA.
- \$_____ per month withheld for ____ months starting on _____

Employee MUST complete ALL blanks remaining above.

 Signature of Member (employee)

 Date

 Name of Member (employee) - Printed

 Social Security Number

The employer agrees to make the deductions required by this contract.

 Signature of Employer Representative

 Title and Telephone Number

 Date

Member keeps pink copy, employer keeps yellow copy, and MPERA receives white original form.

Figure 8
Payroll Deduction Authorization Form

Absences - FURS

Work-Related Illness or Injury

This section is not applicable to the FURS.

Final Salary - FURS

General

The MPERA must have the last month's salary, and any payout the member received, to calculate the retiree's final retirement benefit.

Certification of Final Salary

*Employers must complete and return the form to the MPERA **within 30 days** of when the member retired.*

The factor MPERA uses to calculate a retiree's monthly benefit, is the final average compensation or the final monthly compensation. The MPERA must have the last month's salary, and any payout the member received, to calculate the retiree's final retirement benefit.

The MPERA may pay a retiree an estimated benefit while determining the final benefit, but for no more than three months. If the MPERA cannot determine a final retirement benefit after three months, benefit payments to the member will stop. Benefit payments will not resume until the MPERA determines the final retirement benefit.

When a member requests retirement, the MPERA will send the appropriate forms to the member. First the member must complete and return all forms to the MPERA. The MPERA will then send the employer a *FURS Final Salary* form. The employer must verify the final salary; this data is used to compute the member's final retirement benefit. Employers must complete and return the form to the MPERA within 30 days of when the member retired. Any delay in returning the final salary information may require MPERA to stop the retiree's benefit.

Final salary for the FURS includes all compensation paid to the member. Compensation means:

- (a) for a full-paid firefighter, any regular payments to an employee from funds controlled by the employer excluding overtime, holiday payments, shift differential payments, compensation time payments, and payments for sick leave; and
- (b) for a part-paid firefighter employed by a city of the second class:
 - (i) 15% of the regular payments paid on July 1 of each year to a newly confirmed full-paid firefighter of the city that employs the part-paid firefighter; or
 - (ii) if that city does not employ a full-paid firefighter, 15% of the average regular amount paid on July 1 of each year to all newly confirmed, full-paid firefighters employed by cities of the second class.

A final salary form must contain details of the employee's final payment through the **last day** of the member's employment. A member's last day of "work" may not be the last day of "employment." For example, if a member works until March 10 then uses vacation or sick leave until March 31, the **last day of employment** is March 31. The employer must certify the hours of regular, overtime, vacation, and sick leave. Total hours must match total payment for the reported period. (In other words, the total hours times the rate of pay must equal

**Instructions for
Completing the
Form**

*The MPERA requires
the number of regular,
vacation, and sick
leave hours, the cor-
rect hourly rate, and
the amount paid.*

the total payment.)

Following are the instructions for completing the *Final Salary – FURS* form. The MPERA will complete the top part of the form. Refer to the following for information on the section which the employer must complete. (See sample form, Figure 9, on next page.)

1. **Last day of work.** This includes sick leave or vacation leave your employee uses. If your employee ends employment on February 28, but stays on the payroll using vacation or sick leave until March 31, then March 31 is the last day of employment.
2. **Date of termination.** This is the last day of employment. If your employee ends employment on February 28, but stays on the payroll using vacation or sick leave until March 31, then March 31 is the last day of employment. If the member takes leave without pay until July 10th, then the date of termination is July 10. The member is not eligible to receive any retirement benefits until termination of employment occurs.
3. **Final Payment.** You must provide the hours reported on the member's final paycheck (regular hours plus annual leave hours) multiplied by the hourly rate to calculate the amount.
4. **Regular salary.** You must report the compensation for the pay period before termination using the hours multiplied by the hourly rate to calculate the amount.
5. **Base salary.** You must report the compensation for the 12-month period immediately before termination and the final date.
6. **Period of Termination - Final Payment.** This is the last payroll period for which the member will receive a check or payment. If payment for vacation leave, sick leave, or final regular hours will be for March, then March is the period of separation. This example assumes a monthly pay period. You must report the pay period end date, salary paid, and contributions withheld.
7. **1st and 2nd Period Before Termination.** This should reflect the total salary paid and contributions withheld for those periods. (In the above example, the first and second pay periods will be February and January, respectively.) Salary and contributions for the two preceding and separation pay periods must agree with the amounts reported by the payroll reports.
8. **Preparer's Printed Name, Signature and Title** The person completing the form must print and sign their name, provide their title, and their phone number.

MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION
 PO BOX 200131
 HELENA MT 59620-0131
 406-444-3154

Final Salary- FURS

TO: _____ NAME: _____
 SSN: _____
 FOR: _____

This employee submitted a retirement application stating a retirement date of <<Retirement Date>>. If this member has not terminated or is using vacation or sick leave on a daily basis after this date, please contact this office *immediately*. Complete this form and furnish the following information at the earliest possible date. The amounts shown below **must** agree with the amount reported to the MPERA. Contributions must be withheld from the regular monthly compensation **EXCLUDING** overtime, holiday payments, shift differential payments, compensation time payments, and lump-sum payments for sick leave.

Last day of work (sick leave, LWOP or vacation) _____ Date of Termination _____

	Hours	Rate	Amount
Final Payment (Regular hours and Annual leave hours)	_____	X \$ _____	\$ _____
	-		

Regular salary _____ X \$ _____ \$ _____

Base salary _____ as of _____ MM/YY

Report salary and contributions by pay period endings:

	Pay Period Ending Date	Salary Paid	Contributions Withheld
Period of Termination Final Payment			
1st Period Before Termination			
2nd Period Before Termination			

I certify the above employee terminated employment with this agency and the information is complete and accurate to the best of my knowledge.

Preparer's Printed Name _____ Title _____

Preparer's Signature _____ Phone No. _____

Figure 9
Certification of Final Salary Form

Working Retirees - FURS

This section is not applicable to FURS.